Thermostat Makers Entice Contractors with Value, Service and Support

Stronger thermostat manufacturer-HVAC contractor ties and cooperation can expand profits for both.

In the HVAC industry everyone wins when contractors flourish. This has led some thermostat manufacturers to seek better ways to provide additional value by making install jobs easier and more profitable.

While a high quality, accurate device at a competitive price clearly tops the list, there are other ways that thermostat manufacturers can support contractors. These include incorporating design features that simplify programming and installation, providing technical support, and even co-branding opportunities on the thermostat itself.

Some leading thermostat manufacturers are taking it a step further by joining together to establish minimum quality standards, as well as criteria required to be rated as a high-performance energy saving device, all of which must be verified through independent testing.

Avoiding callbacks and claims
While not beholden to any specific brand, HVAC contractors tend to remain loyal to thermostats that are trouble-free, for obvious reasons. After all, if the thermostat does not work properly, blame is often assigned to the contractor that installed the “faulty system.” This can lead to costly callbacks to fix the problem.

“Avoiding callback and quality issues is important to our bottom line,” said Lane Ladewig, Vice President of Construction at Pearson Mechanical, an HVAC contractor in Arlington, TX. “If we repeatedly return for callbacks, we lose money. That happens with some thermostats—we have had a lot of them go out on us in a relatively short amount of time.”

Despite the emphasis on quality, however, customer warranty claim rates on some brands of thermostats have recently risen as high as 6%-7%, which can impact the contractor’s reputation and profitability.

“The last thing a contractor wants is to send a truck and crew for a $200 callback to repair something that should have been done right the first time,” said Glenn Moore, President/CEO of Braeburn Systems LLC, a Chicago-based manufacturer of thermostats, zoning systems, air filtration, humidification products and accessories. “If the thermostat fails, the customer blames the contractor. So the thermostat has to work properly the first time, every time.”

Manufacturers known to produce the highest quality thermostats generally remain in the 1% warranty claim range. A large part of the difference in quality, it turns out, can be attributed to working with manufacturers that are willing to adhere to high quality and performance standards.

According to Moore, the most reliable thermostats in the industry meet specifications from the National Electrical Manufacturers Association’s (NEMA) Energy Aware® program, which outlines minimum quality standards for the construction, testing and performance of thermostats.

The association, with the help of industry leaders like Honeywell, Braeburn and Emerson, also stepped in when thermostats were no longer included in the U.S. Department of Energy and EPA Energy Star® program. As a result, they established the Energy Aware program which setup stringent design and performance criteria known to reduce energy consumption. To be included, thermostats must pass independently-verified, third-party testing. Thermostats with this designation are estimated to save customers $180 or more in annual energy costs.

“Our customers rely on us to provide a quality product, so it gives us confidence when we can show customers that our thermostats meet independent, third-party quality standards,” Ladewig said. “As a matter of fact, we have installed many hundreds of thermostats that meet these standards and have not had a callback issue.”
Searching for Wi-Fi value

As for value, it is a combination of features, reliability and competitive pricing that contractors look for—as long as quality is not sacrificed. This allows them to provide more competitive bids, particularly for larger multi-family jobs that require large numbers of thermostats, while still making attractive profits.

Value also comes into play with the trend toward Wi-Fi-enabled thermostats. Although the demand is sky-high, the current price point for popular Wi-Fi thermostats is higher than standard thermostats. This has proven to be a major barrier to wider adoption, so manufacturers are working to design quality devices at a price more acceptable to the market.

"With advancements in thermostat technology, coupled with extensive design and engineering innovations, Wi-Fi-enabled thermostats are now available for less than $79 to the contractor, a savings of over $100," Moore said.

Contractor marketing

Beyond offering high-quality products at competitive prices, contractors also want to enhance name and brand exposure by including their information with the thermostat. Such branding and marketing is critically important, particularly to contractors who depend on billable service calls, such as for ongoing maintenance, for a large part of their revenue.

"Anytime you can put your company name in a homeowner’s mind without having to do broad-based advertising, it helps a lot," Ladewig said. "If you are in the service side of this business, it’s great to have your contact information on the thermostat to help customers call you. It’s like having an extra salesperson."

Although contractors can add contact information with a label or, in some cases, program that information into the thermostat so it appears on the menu display, these options have been limited to simple text.

Some manufacturers, however, are helping contractors improve their brand image on the thermostat. Braeburn, for example, now offers high-quality color branding at the thermostat in the form of a quick reference card with the contractor’s name, phone number, and color logo.

“Having your name, logo, and contact info makes it easy for the customer to make contact – they don’t have to look up anything or go online,” Ladewig said.

Adding color to the mix adds another dimension to contractor branding. “A color logo looks professional and will catch more attention,” he said. “Customers will remember the logo when they see it on your trucks around town. The increased brand awareness could also help with word-of-mouth referrals.”

For contractors who aim to take their business to the next level, partnering with a thermostat manufacturer that seeks a closer, mutually beneficial relationship could be one of the best ways to attain long-term business growth.